

PORTFOLIO OPTIONS COMMITTEE Charter

1. **Organizing history.** The Portfolio Options Committee is established in Oregon Administrative Rules as an advisory group to the Oregon Public Utility Commission.¹ By rule, the group's chief responsibility is to submit recommendations annually to the Commission regarding a set of product and pricing options for small commercial and residential customers of investor-owned electric utilities.

Division 38 rules implement the *direct access* statutes found in Oregon Revised Statutes 757.600. For residential customers, the statute directs the Commission to establish a "portfolio of rate options" within the electricity provider, including a time-of-use rate.

The Portfolio Options Committee first met in 2002. In 2008, NW Natural Gas voluntarily joined the Portfolio Options Committee for its greenhouse gas offset program, Smart Energy.

In reviewing existing and proposed portfolio option products, the Committee's current goals are to support:

- renewable energy and carbon offset markets,
- growth in participation rates at reasonable costs,
- high-quality consumer education on portfolio options and renewable energy and carbon offset markets, and
- valuable and reasonable rate options for customers.

2. **Membership.** The Portfolio Options Committee (POC) is established in rule and composed of Commission Staff, the Oregon Department of Energy, local governments, participating utilities, residential consumers, public or regional interest groups, and small nonresidential consumers.²
 - a. *Voting.* Only pre-approved members of the POC may vote. A vote is conducted with a voting member making a motion. After a second member supports the motion, the matter may be put to a full vote of the POC.
 - b. *Quorum and decisions.* A vote can only occur if one-half (rounded up) or more of POC members are present. A motion is approved or rejected by a simple majority of present members.
 - c. *Proxies.* Members may select a proxy within their organizations. A proxy will be allowed to vote on behalf of a member in that member's absence. The member's proxy will have all privileges allowed the member such as, but not limited to, attending executive sessions and receiving related confidential materials. Members and their proxies may be required to sign a protective order before they are allowed to attend executive sessions and receive confidential materials.
 - d. *Substitution.* A member representative is appointed to the POC as an individual and can only be substituted with a recommendation from the POC and approval from the Commission.
 - e. *Provisional representation.* There are two exceptions to substitution restrictions: (1) a representative leaves the organization; or (2) a new consumer representative

¹ Attachment 1: Oregon Administrative Rules, Division 38, excerpted.

² Attachment 2: Membership Roster.

is added to the membership roster. In these cases, a provisional representative may be recognized by the POC as eligible to vote for the interim term until he or she is formally approved by the Commission. To provisionally approve a new consumer representative, the POC may review the qualifications of a member and issue a vote after the new representative has attended one POC meeting.

- f. *Consumer representatives.* Consumer representatives are uncompensated positions that typically do not have proxies. They must have no conflict of interest with the programs under review. Deference will be given to consumer representatives for meeting schedules.
- g. *Chair duties and election.* The primary duties of the POC chair are to maintain records, set agendas and meeting schedules, manage meetings and interim communications, and represent the POC in correspondence with the Commission. A chair is elected among existing members of the POC for a two-year term. The chair serves at the pleasure of the Commission.
- h. *Non-voting representatives.* The POC benefits from the regular contribution of non-voting representatives such as the program marketing and delivery firms.
- i. *Listserves.* The chair will keep an electronic list of POC member representatives and interested parties. This listserv will be the primary form of meeting notification and record keeping.
- j. *Subcommittees.* The POC may create and disband informal subcommittees to review specific issues as needed. Participation on subcommittees is elective. As no official voting occurs within subcommittees, non-voting members may serve on subcommittees.

3. **Portfolio options.** Portfolio options are established to provide customers with access to renewable resource generation and carbon offset markets. Current options generally allow for renewable energy certificates or carbon offsets to be retired on behalf of customers, and in some cases provide direct support for new renewable resource projects. Depending on the product and the customer, the amount of credits retired may be linked to usage or to a block purchase. Some subscribing customers may additionally donate funds to support salmon habitat restoration.

- a. The POC may consider adding a new option to a utility's portfolio. Proposals for a new portfolio option and POC deliberations should follow the "Guidelines and Procedure for New Products."³
- b. A utility may request POC approval to remove an option, unless the Commission has already directly required removal.

4. **Obligations.**

- a. By July 1 of each year, the POC must recommend to the Commission a portfolio of rate options to offer residential and small non-residential consumers. The POC may also issue recommendations regarding marketing contracts and structure of each portfolio. Commission Staff will then incorporate the recommendations into a Public Meeting Memo for a Commission meeting. A recommendations memo may contain:
 - Recommend portfolios (new or continuance)
 - Recommended changes, if any, to the portfolios and/or their structure

³ Attachment 3: Guidelines and Procedures for New Products.

- Recommended structure for new portfolios
 - Marketer and provider contracts recommended for approval
 - POC members recommended for approval
 - Recommend changes, if any, to the definition of “significant” as used in OAR 860-038-0220 (4).
 - Recommend changes, if any, to the goals and performance metrics of the portfolio options
 - Recommend changes, if any, to the portfolio options (structure, marketing, contracting) as a result of Commission audits, or other significant events
- b. To make these recommendations, the POC may review communications to the public, program progress, delivery costs, and product design, value, and performance.
- c. The POC may take up other matters on member or Commission request.
- d. The POC may approve the use of voluntary funds for a special purpose not advertised directly to customers but consistent with the associated tariff.
5. **Meetings.** The POC will hold at least four public meetings each year and one executive session.
- a. Except for executive sessions, all meetings are open to the public.
- b. Annually, the POC will hold an executive session. The executive session is not open to the public. The purpose of the executive session is to review confidential material and program costs.
- c. For the POC to vote on a matter, the chair must be notified, the matter must be listed on the agenda, and supporting materials must be distributed by email no less than three business days in advance.
- d. Notices of public meetings, and notes from public meetings will be made available to the POC members and online on the OPUC website. Executive sessions will be noticed as a meeting to consider information exempt from disclosure under the public records law (ORS 192.660(2)(f)).
6. **Duration.** The POC shall continue to serve as an advisory body to the Commission until its services are no longer requested.
7. **Amendment.** This charter may be amended by a minimum two-thirds vote of POC members. Attachments to the charter are not subject to this requirement.

Dated and approved by the Portfolio Options Committee: May 8, 2013.

ATTACHMENT 1

Oregon Administrative Rule 860-038-0005

Definitions

(2) "Portfolio Options Committee" means a group appointed by the Commission, consisting of representatives from Commission Staff, the Oregon Department of Energy, and the following:

- (a) Local governments;
- (b) Electric companies;
- (c) Residential consumers;
- (d) Public or regional interest groups; and
- (e) Small nonresidential consumers.

(48) "Portfolio" means a set of product and pricing options for electricity.

860-038-0220

Portfolio Options

- (1) An electric company must provide each residential consumer who is connected to its distribution system with a portfolio of product and pricing options. An eligible customer may enroll in or exit renewable resource options at any time, subject to any switching fees approved by the Commission under subsection (8)(e) of this rule. The minimum term for customers enrolling in a market-based option is 12 months. Portfolio options will not be offered to large nonresidential consumers.
- (2) Sections (3) through (8) of this rule apply to residential portfolio product and pricing options.
- (3) By July 1 of each year, the Portfolio Options Committee will recommend portfolio options to the Commission that will be effective January 1 of the following year. Each recommended portfolio option shall specify a service period from 12 months to 36 months. The Commission is not bound by the recommendations of the Portfolio Options Committee.
- (4) The portfolio must include at least one product and rate that reflects renewable energy resources and one market-based rate. The Portfolio Options Committee will recommend the resource content of each renewable energy resource product. At least one renewable energy resource product will contain "significant new" resources. The Portfolio Options Committee will recommend a definition of "significant" based on an evaluation of resource availability, resource cost, and other factors. The portfolio options may include options for the collection of funds for future renewable resource purchases or collection of funds for energy related environmental mitigation measures such as salmon recovery.
- (5) Each electric company is responsible for administering the options, including but not limited to marketing and billing.
- (6) Each electric company must acquire the renewable supply resources necessary to provide the renewable energy resources product through a Commission-approved bidding process or other Commission-approved means. Each electric company may acquire the resources necessary to provide the other product and pricing options at its discretion.

- (7) Four months prior to the implementation of the portfolio product and pricing options an electric company must file tariffs for its portfolio options.
- (8) This section applies to residential and small nonresidential product and pricing options. An electric company must develop portfolio rates as follows:
 - (a) The portfolio rates must be based on the unbundled costs identified through the application of OAR 860-038-0200;
 - (b) The portfolio rates for any class of customer must be based on the unbundled costs to serve that class;
 - (c) The portfolio rates must include any additional electric company costs that are incurred when a consumer chooses to be served under the portfolio rate option;
 - (d) The portfolio rates must exclude electric company costs that are avoided when a consumer chooses to be served under the portfolio rate option;
 - (e) An electric company may impose nonrecurring charges to recover the administrative costs of changing suppliers or rate options; and
 - (f) Rates must be established so that costs associated with the development or offering of rate options are assigned to the retail electricity consumers eligible to choose such rate options.
- (9) This section applies to small nonresidential portfolio product and pricing options. The Portfolio Options Committee will recommend portfolio product and pricing options, if any, to the Commission for approval. The electric company must implement small nonresidential portfolio product and pricing options adopted by the Commission.
- (10) By March 31 for the prior calendar year, an electric company must acquire or issue renewable energy certificates in an amount at least equal to the electric company's sales of renewable energy certificates to residential and small nonresidential consumers for each renewable resource option.

Stat. Auth.: ORS 183, 756 & 757

Stats. Implemented: ORS 756.040 & 757.600 - 757.667

Hist.: PUC 17-2000, f. & cert. ef. 9-29-00; PUC 21-2001(Temp), f. & cert. ef. 9-11-01 thru 3-10-02; PUC 11-2002, f. & cert. ef. 3-8-02; PUC 13-2004, f. & cert. ef. 8-31-04; PUC 7-2009, f. & cert. ef. 6-25-09

ATTACHMENT 2

Portfolio Options Committee Membership Roster Updated February 2013		
Member Name	Company	Representing
Vacant	Oregon HEAT	Residential consumers
Roger Anderson	Oregon HEAT - Proxy	Residential consumers
Jeff Bissonnette	Citizens' Utility Board	Residential consumers
Sommer Templet	Citizens' Utility Board - Proxy	Residential consumers
Marc Cody	Portland General Electric	Electric companies
Karla Wenzel	Portland General Electric - Proxy	Electric companies
Bryce Dalley	PacifiCorp	Electric companies
Jana Saba	PacifiCorp - Proxy	Electric companies
Rebecca O'Neil	Oregon Department of Energy - Chair	Oregon Department of Energy
Julie Peacock	Oregon Department of Energy - Proxy	Oregon Department of Energy
David Philbrick	Unaffiliated	Residential consumers
Lee Kuhl	Delta1NW	Residential consumers
Jennifer Gross	Northwest Natural	Gas companies
Brian Harney	Northwest Natural - Proxy	Gas companies
Eric Lovell	Uroboros Glass Studios	Small non-residential consumers
Janet Steele	Albany Chamber of Commerce	Small non-residential consumers
David Tooze	City of Portland	Local governments
Alisa Kane	City of Portland - Proxy	Local governments
Brittany Andrus	Oregon Public Utility Commission	Commission Staff
Juliet Johnson	Oregon Public Utility Commission - Proxy	Commission Staff
Megan Decker	Renewable Northwest Project	Public or regional interest groups
Caitlin Peel	Renewable Northwest Project - Proxy	Public or regional interest groups

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⁴ OAR 860-038-0005 (2).

ATTACHMENT 3

Guidelines and Procedures for New Products

The following guidelines and procedures are intended to foster communication amongst a utility or individual proposing a new renewable energy product offering to include within a utility's portfolio and the Portfolio Options Committee (POC). The guidelines and procedures were created with the intent of promoting creativity and allowing for new ideas to be explored while ensuring that the proposed product meets basic and necessary criteria.

Guidelines for New Voluntary Product Design

1. Generally speaking, three voluntary products per utility is the maximum amount of options that customers are willing to consider.
2. A new option should offer something that the others do not.
3. "Charitable donation programs" should not be considered.
4. Product must be distinct from what is already provided in rates.
5. There should be a demonstrated minimum market opportunity for the product. Utilities need to provide at least a basic market analysis that suggests potential market viability.
6. The product needs to consist of 100% renewables, as defined by Green-e Standards.
7. There should be a preference for product-associated renewable power projects to be sited as local as possible in regards to renewable generation sources. Preference is determined based on the following scale: primary preference Oregon, secondary preference Pacific Northwest (Washington, Idaho, Montana), tertiary preference from within the WECC.
8. Pilot programs are acceptable forms of new products.

Procedure for New Voluntary Product Review and Recommendations

1. A utility or stakeholder creates a proposal for a new product. The proposal must be written and distributed prior to the POC meeting at which it is presented. A stakeholder proposal must demonstrate discussion of the product with either utility.
2. The utility or stakeholder presents the framework at the POC meeting following distribution of the written proposal. The utility or stakeholder must address the New Product Development Guidelines listed above.
3. The POC may vote to advance the proposal to the New Product Development Subcommittee.
4. The New Product Development Subcommittee reviews the proposal against the New Product Development Guidelines and makes a recommendation on the proposal to the POC. The recommendation should reference the New Product Development Guidelines but is not required to demonstrate that all of the Guidelines have been satisfied.

5. The New Product Development Subcommittee presents its recommendation to the POC. The POC holds a discussion regarding the proposal and decides by majority vote whether or not to make a recommendation on the proposal to the Oregon PUC. The POC may also elect to stay a proposal for future consideration.

New Product Proposal Outline

- I. Describe how the proposed product differs from products currently being offered and why this product would be a beneficiary addition to existing portfolio options.
- II. Describe how the proposed product is different from what is already offered to customers through rates.
- III. Describe the renewable energy source(s) for the proposed product and how those sources meet the definition of “renewable” as defined by Green-e Standards.
- IV. Describe the geographical location of the renewable energy sources that will be used in the proposed product.
- V. Describe the cost structure of the proposed product and in what form participants will be charged to participate.
- VI. Describe the minimum market opportunity for the proposed product and provide any market analysis to support market viability.